

Service Date: July 18, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application of)
Western Water Company to Increase)
rates and charges for water service)
for its Missoula, Montana service)
area.)
_____)

UTILITY DIVISION
DOCKET NO. 84.4.17
ORDER NO. 5074

INTERIM RATE ORDER

FINDINGS OF FACT

1. On April 24, 1984, Western Water Company (Applicant or WWC) filed an application with this Commission for authority to increase water rates for its Missoula, Montana customers on a permanent basis by approximately 55.6%, which constitutes an annual revenue increase of approximately \$51,550.

2. Concurrent with its filing for a permanent increase in rates, MPC filed an application for an interim increase in rates of approximately 10.9% equaling a revenue increase of approximately \$10,076 or 19.5% of the proposed permanent increase.

3. The interim rate request includes adjustments not accepted in total or in part in previous Commission orders such as Depreciation Expense and Amortization of Rate Case Expense.

4. Interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency." The Commission finds that reference to the adjustments in the most recent WWC general rate order provide the most appropriate means to measure financial performance. Applying these parameters to the current test year provides a financial picture consistent with the most recent Commission order (thus providing a basis for accurate comparability) and avoids prejudging issues in the current case.

5. The Commission in Order No. 4911a placed the Applicant on a cost basis for purposes of determining overall revenue need, and for consistency and in an effort to avoid prejudging issues in this case finds it appropriate to continue that practice in determining the need

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for interim rate relief. The Commission in Order No. 4911a compensated WWC for the following expense items: Operation and Maintenance Expense, Taxes other than Federal Income and Interest Expense and therefore, should consider only these items when determining a need for interim rate relief.

6. A schedule prepared consistent with the above criteria shows that WWC for the test period experienced an operating loss totaling \$5,425 (Schedule 1).

Schedule 1

Operating Revenue	\$92,739
Operation & Maintenance Expense	79,485
Interest Expense	14,682
Taxes other than Federal Income	3,996
Total Deductions	\$98,164
Operating Loss	\$ 5,425

It should be noted that the current filing reflects a substantial change in the amount of the Applicant's outstanding debt and its cost, therefore, since this may be a contested item in the case the Commission has opted to use the interest expense as allowed in Order No. 4911a for interim rate purposes.

7. The Commission finds the operating loss, previously determined, constitutes an obvious income deficiency in this instance, that deferred rate relief until a final order can be issued may adversely affect the utility's financial condition and further that under its current ratemaking standards, the utility may be entitled to rate relief at the time a final order is issued in the proceedings.

8. The Commission finds that WWC is sustaining an operating loss and accordingly, finds WWC entitled to interim rate relief of \$5,425 on an annual basis. (See Schedule 1, Finding of Fact No. 6)

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9. Based upon the Commission's findings in Order No. 4911a, the Commission finds here that interim rate relief determined appropriate in this Order should be generated by increasing the rate for all services provided by the Applicant on the basis of a uniform percentage increase.

10. The Commission also finds that to be consistent with Order No. 4911a, those consumers residing in the Linda Vista/Valley Vista service area should receive no increase in rates.

CONCLUSIONS OF LAW

1. Western Water Company is a public utility furnishing water service to customers in the Missoula, Montana area, and is subject to the supervision, regulation and control of this Commission pursuant to Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Western Water Company is hereby granted authority to implement on an interim basis increased rates for its Missoula, Montana customers, designed to generate additional annual revenues in the amount of \$5,425 which, however shall be reduced in accordance with the limitation in Finding of Fact No. 10.

2. Western Water Company is to file revised tariff schedules spreading the increased revenues as a uniform percentage increase to all services.

3. The interim relief granted in this Order is to be effective for services rendered on and after July 16, 1984.

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4. The increase granted herein is subject to rebate should the final order in the Docket determine a lesser increase is warranted. Such rebate would include an assessment for interest at 12.0% per annum.

DONE IN OPEN SESSION THIS 16th day of July, 1984, by a vote of 4 to 0 .

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BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Thomas J. Schneider, Chairman

Clyde Jarvis, Commissioner

Danny Oberg, Commissioner

Howard L. Ellis, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.